GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1549
ANSWERED ON:09.03.2007
CASES AGAINST CORPORATE HOUSES
Malhotra Prof. Vijay Kumar;Singh Shri Mohan;Singh Shri Prabhunath;Sujatha Smt. C.S.

Will the Minister of FINANCE be pleased to state:

(a) the details of Corporate Houses/Individuals in the country against whom more than ten crore rupees were outstanding in the form of income-tax, excise duty, customs duty and service tax as on 31st December, 2005 and 31st December, 2006;

(b) the steps taken/being taken by the Government for recovery of the amount;

(c) the number of Houses/Individuals against whom the recovery is outstanding due to court cases;

(d) whether any extra-judicial system for out of court settlement of these cases is being evolved; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a): The details of total arrears of Income tax as well as indirect taxes as on 31.12.2005 and 31.12.2006 are as under:

Head of duty	Total amount of arrears (Rs. in crores)	
	As on 31.12.2005	As on 31.12.2006
Income Tax	84,662.00	95,698.00
Customs	14,612.26	5,870.54
Central Excise	4,730.90	18,674.04
Service Tax	650.29	1,257.48

The details of Corporate Houses/Individuals in the country against whom more than ten crore rupees were outstanding in the form of income-tax, excise duty, customs duty and service tax as on 31st December, 2005 and 31st December, 2006 would be quite bulky and the time and labour involved in its collection/compilation may not be commensurate with the objectives sought to be achieved.

(b): Recovery of arrears is an on going process. The Government has taken a number of steps to recover the outstanding amount which include constitution of Task Forces to develop and implement a multi-pronged strategy for effecting substantial recovery from arrears of direct and indirect taxes.
As far as direct taxes are concerned, the steps taken for collection and liquidation of arrears of taxes include - identification of cases where recovery of arrears can be made during the course of the financial year through special efforts; identification of high-demand cases pending before the Commissioners (Appeals) and ITAT, particularly the ones where recovery of substantial demand is likely on disposal of appeal and requesting the Commissioners (Appeals) for early disposal of such cases; liaising with the Settlement Commission for early disposal of cases involving high demand and monitoring collection of resultant demand during the financial year itself; Tax Recovery Officers to exercise the powers for appointment of receiver for business under the provisions of rule 89 of Schedule II of the Income-tax Act for effecting recovery in suitable cases; in respect of non- compliant defaulters, the provisions of arrest and detention as per the provisions of rules 73 to 81 of Schedule II to be invoked by the TRO; demand to be recovered forthwith

in cases where favourable Tribunal/ Court orders are received; investigation Wings at the important centers to aid recovery process by way of conducting surveys and/or secret enquiries to identify the assets for recovery in important cases.So far as indirect taxes are concerned, the strategy devised for expeditious collection of arrears is as under:

(a) Regular review of progress made in arrears recovery at the level of Commissioners /Chief Commissioners;

(b) moving applications for vacation of stay orders in important cases;

(c) filing early hearing applications in Courts/ CESTAT;

(d) targeting defaulters with coercive action;

(e) persuading major units to pay outstanding arrears;

(f) follow-up action in cases pending in BIFR/DRT/OL/COD;

(g) quick realisation of arrears involved in favourable orders of CESTAT/ Courts;and

(h) posting of defaulters list on the CBEC website.

(c): As far as direct taxes are concerned the amount involved in cases against whom the recovery is outstanding as on 31.12.2006 due to court cases is as under:

i) Commissioner (Appeals) - Rs. 34,951 cr.

(ii) Income Tax Appellate Tribunal - Rs. 20,029 cr.

iii) High Court - Rs. 2, 494 cr.

As far as indirect taxes are concerned, the details of number of cases and the amount stayed by various Appellate fora as on 31.12.2006 areas under:

Head of duty	No. of cases	Amount (Rs. in crores)
Customs	8,676	6,284.00
Central Excise	1,733	2,319.14
Service Tax	741	519.12

(d) & (e): No extra judicial system for out of court settlement of these cases is being evolved.